

PUBLIC ROUNDTABLE ON
BILL 15-920, “FISCAL YEAR 2005 TAX REVENUE
ANTICIPATION NOTES ACT OF 2004”

Before the
Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

October 7, 2004, 10:00 a.m.
Room 123, John A. Wilson Building



Testimony of
N. Anthony Calhoun
Treasurer and Deputy Chief Financial Officer
Office of Finance and Treasury

Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

Good morning Chairman Evans and members of the committee. My name is Anthony Calhoun, and I am treasurer and deputy chief financial officer for finance and treasury. I am here to testify on behalf of the Office of the Chief Financial Officer (OCFO) regarding Bill 15-920, the “Fiscal Year 2005 Tax Revenue Anticipation Notes Act of 2004.” Appearing with me is Lasana Mack, associate treasurer, who is here to assist with any questions that you might have at the conclusion of my testimony.

This bill would authorize the District to issue up to \$350 million of Tax Revenue Anticipation Notes (TRANs) to finance general government expenditures for fiscal year 2005. Revenue anticipation notes are typically issued to finance seasonal cash shortages that arise due to differences in the timing between the receipt of revenues and the disbursement of expenditures within a given fiscal year.

In fiscal year 2004, the District issued \$250 million of TRANs to finance its seasonal cash needs. As required, these notes were repaid on September 30, 2004. The amount that we intend to borrow in FY 2005 is also \$250 million, and the additional \$100 of borrowing authority included in this bill is simply to provide a safeguard against unforeseen circumstances.

The District’s positive operating results and corresponding increases in its fund balance since the mid-1990s have resulted in an improved cash position, including the establishment of the Emergency and Contingency Cash Reserves that currently contain a total of \$275 million. However, as you are aware, this cash is not available to be used for normal operating expenditures. The level of the District’s

available cash-on-hand and its normal cash peaks and valleys over the course of a fiscal year require short-term borrowing in order to maintain sufficient operating cash throughout the year.

This proposed short-term borrowing is included in the proposed FY 2005 Budget and Financial Plan, and the FY 2005 budget includes sufficient funds to cover the interest expense associated with this borrowing.

Mr. Chairman, this concludes my testimony. I am prepared to answer any questions that you may have at this time.

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